

THE FUTURE CFO:

Changing Roles, Changing Goals

April 2022





“CFO! Because miracle worker isn’t an official job title.”

Anonymous

This quote, on the cover of a Gratitude Quotes Journal, is funny but true.

In the dynamic work world that we live in, the role of a Chief Financial Officer (CFO) today has evolved considerably and consistently. Over the last decade or so, CFOs, across industries, and the world, have gone on to don a host of additional new hats to keep pace with a work environment that is dynamic, diverse and inclusive, all at the same time.

A CFO in the now, is no longer a standalone individual whose function is essentially all things finance. In the context of an organisation, a CFO is now perceived as a crucial aide to a Chief Executive Officer (CEO), a strategic partner who is equally invested in the growth and journey of the company, its larger purpose and potential.

In an attempt to investigate, understand and analyse the what, who, where, when, why and how of the CFO story, and to chronicle the structural shifts in the growth of a CFO in the then, now, and tomorrow, IFMR GSB at Krea University and Dun & Bradstreet embarked on a detailed study between January and March 2022.

The study employed both qualitative and quantitative methodologies that included surveys with a large canvas of CFOs as well as focussed interviews with about 30 of them from diverse industries from across India, in an endeavour to delve deep into real-time experiences that allow for a picture that is factual, honest and objective.

The study also looked at the demographic shifts of CFOs in the Nifty 250—Nifty 50, Nifty Next 50 and Nifty Midcap 150 index companies—including a few new-age companies over a five-year period (from 2016 to 2021). The demographics included age band (a proxy for years of experience), gender, educational qualifications (accounting, allied disciplines and MBA) as well as sector domination of those with different educational qualifications, among others. The study considered the Nifty 250 as it represents over 70% of sales of India Inc., for financial year 2021, and approximately 85% of market capitalization of the listed NSE universe.

The focussed interviews offered varied perspectives from CFOs on the evolution in their roles, key traits they will need to develop to run the business alongside the CEO, and what future CFOs will look like. It also offered insights into the various areas that the current CFOs are focussed on, why their priorities need to change in the coming months and years, largely driven by digitization, ESG, cyber security, higher regulatory scrutiny, investor activism, among others.

Here are representative areas that CFOs have rated against on how the needle of attention and priority will shift in the next five years:



Likewise, the survey results provide answers to many of the questions that CFOs have in their minds, a sample of which is given below.



How have the engagement levels of CFOs evolved across a battery of areas over the years?



How should the activities be prioritised, leading to higher impact?



What are the newer expectations of a CFO by the Board and Executive Committee?



What are the key competencies required in today's CFOs, and how do they acquire these new-age competencies and capabilities?



Are CFOs capable of managing the new-age roles within their function?



What are the key areas where CFOs need to augment their teams in order to be effective and efficient?



How should the new-age CFO be measured?

From being a bookkeeper of accounts and managing regulatory compliance, CFOs today are evolving into transformation champions. This has meant the CFO has to assume a slew of new roles that include—amongst others—an organisation’s conscience-keeper, strategic advisor to the CEO and the Board on business strategy and growth-orientation, a custodian of short and long-term investments within and outside the company, ESG Champion, Storyteller and Brand Custodian, People Manager, and above all, a key face to the new breed of stakeholders.

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“Typically, in a crisis, CFOs don’t cut their way out. They help organizations to grow out of the crisis.”

Ajay Goel, Group Deputy CFO, Vedanta Resources Ltd.

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“Today’s CFO is like a Deputy CEO. He or she is being sought after as a strategic advisor who gives independent views on various strategic activities for the business to grow.”

Sunil Bohra, Executive Director and Group CFO, Minda Industries Ltd.

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“The know-how of ESG, technology and analytics are extremely important. These are three future pillars for CFOs to succeed in the coming years.”

Parag Parikh, CFO, Adani Total Gas Ltd.

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In a recent article that appeared in the Forbes India magazine, the writer went on to describe CFOs as “Chief Fantastic Officers”.

Are new-age CFOs increasingly equipped to becoming CEOs? What prompted this seismic shift in the role and perception of a CFO? Are today’s CFOs ready for these new-age challenges? How are those in the business staying abreast of these shifts and continuing to call the shots? How can aspiring CFOs gear up to don this multifaceted role?

All this, and more, in the actual findings that we will unravel in a few weeks from now!

Watch this space!



About IFMR-Krea

Propelled by a five-decade-long heritage of IFMR, and in line with Krea University's ethos of reimagining education, the Graduate School of Business (GSB) prepares impactful and effective business leaders who can solve the problems of the future.

Having evolved from a research-based institution to a full-fledged business school enabled, IFMR GSB's curriculum blends a mix of theory with simulated real-life exposure and endeavours to shape business practices through inventive, sharp thinking and cutting-edge research.

IFMR GSB offers a full-time MBA and PhD programme as well as work-integrated executive and management development programmes.

Over the last 20 years, IFMR has built a robust network of over 20,000 eminent alumni across the spectrum of industries who bring in valuable insights and expertise to the students while the illustrious Academic Council provides deep insights and direction to IFMR GSB's teaching, design curriculum, research and related activities.

About Dun & Bradstreet

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